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SUMMARY AND EXTRACTS
REPORTS ON FTC REPORT AND OIL SUIT

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In general, the Latin American (Venezuela and Colombia) showed the greatest concern for immediate consequences. In the Middle East, Turkey and Egypt were wholly negative, and Iraq, Lebanon, Syria, and even Iran only moderately concerned, at least for the immediate future.

Latin America

Caracas

"1. FTC Oil Cartel report put local government on defensive and forced consideration be given local investigation FTC charges...Report embarrassed friends of US and delighted enemies.

"2. Fortunately, initial reactions short-lived because other events of more immediate interest...captured public interest, and only indirect references were made to FTC report during domestic electoral campaign, although nationalization promised by opposition party.

"3. Because of time that has transpired since original announcement, and absence of further official announcement from US concerning report, interest has greatly subsided, and there is good chance that issue will be forgotten by Venezuelan public, provided it is not revived in US. Public trial of companies would effectively and dramatically revive issue and would be followed avidly by local press. Communist and nationalist elements assuredly would twist and distort facts of trial to detriment of US interests and to advantage of forces seeking nationalization petroleum and iron industries unless Government resorted to strict censorship, which is contrary to desire of present Venezuelan Government. Would force Venezuelan Government, in self defense, to carry out extensive local inquiry, to detriment interest of US investments. Undoubtedly, public trial would do great harm to interests US in Venezuela and elsewhere in Latin America because it would:

- a. Provide Communists field day for effective propaganda against industry and in favor of nationalization.
- b. Undermine stability of present Venezuelan Government, which has consistently favored private capital and which is bulwark against Communism and the spreading nationalism now moving up from south.
- c. Strengthen position of political opposition, which showed unexpected strength in recent elections and which has clearly evidenced unfriendly attitude toward US and determination to seek nationalization petroleum and iron industries.
- d. Weaken hemispheric solidarity by raising issue in Latin American family of nations which will evoke bitter and divergent views.

Bogota

"1. Indictment and trial would receive wide publicity in local press, and publicity would be unfavorable to US, giving anti-US forces opportunity to spread and intensify anti-US propaganda....

"3. It is felt that American officials are placed on defensive in replying locally to charges of FTC and that US companies placed in bad light with Colombian officials. With present conservative government there is little danger of nationalization resulting, but if government should change or if opposition should raise the issue, indictments and trials might have serious effect regarding nationalization."

Middle East

Ankara

"1. Federal Trade Commission oil cartel report has made no local impact. Have seen no reference to report in local press nor is it being discussed in local political circles.

"2. Turkey has recently shown intention moving away for present from nationalization of petroleum as evidenced by recent Turk government statement soliciting private oil companies and foreign capital to enter Turkey for development of a Turkish petroleum industry. Press is generally favorable to this and makes contrast to chaos in Iran following nationalization of petroleum there."

Cairo

"...2. Cartel report has thus far gone unnoticed because Egypt is preoccupied with internal political and economic developments, dating from military coup, and also with perennial problems of Britain and Israel. Cartel report has not been subject in Radical press.

"3. Protracted public trial...would not, in itself, greatly influence Egyptian government in direction of nationalization of oil and other industries. This is long-range possibility, but Egypt's short-range requirements militate against it...."

Baghdad

"1. Informed Iraqis are aware of fact that Federal Trade Commission's oil cartel report has been issued. Press and public comment, however, has been negligible despite the report's obvious adaptability to anti-government and anti-West propaganda....

"3. Publicity in connection with indictment and protracted trial of oil companies concerned probably would have following results in Iraq:

- "a. Iraqi 'old guard' politicians would ignore or play down such publicity as long as they are satisfied with oil profits;
- b. Leftist elements would try to exploit such publicity as proof of their previous charges which would possibly be effective on a long-range basis. However, with or without press controls, the feasibility of making it a popular issue in the January elections is dubious.
- c. Most serious possibility is that if the situation were more fully aired by known Iraqi opposition leaders, such as Salih Jabr, the issue could cause embarrassment to British, US and Iraqi governments."

Beirut

"1. Trial of US oil companies on cartel charges would give much additional ammunition to nationalist and socialist elements in Lebanon for further exploitation of oil companies there and possibly would encourage neighboring producing countries to nationalize.

"2. Recent Lebanese government attempts to renegotiate tapline and IPC agreements greatly strengthened by cartel reports. Finance minister George Hakim, a renegotiation proponent, has cited reports publicly and in private.

"3. Local press generally supports tapline and IPC renegotiation and has occasionally referred to cartel reports. All above encourages anti-West feeling."

Damascus

"A. Report caused only minor Syrian reaction, with cynical comments that it was surprising that the US government is only now learning of what the Middle East has been long aware of.

"B. A protracted public trial would probably receive substantial publicity the first week or two, thereafter only spotty coverage of highlights. Nationalization is not an issue in Syria but demands from pipeline companies with unfavorable effect on current negotiations for revision of the Iraq petroleum company (IPC) pipeline agreement. There would also possibly be pressure to re-open the tapline agreement. However, irreparable damage is not anticipated from aspects covered in this paragraph.

"C. One item could be dynamite: If any allegation made that Syrian Petroleum Company, (subsidiary of IPC) has discovered oil in Syria but concealed the fact because IPC is not interested in immediate exploitation, reaction would be serious and severe. Syrians are convinced they have oil and fail to understand failure of exploitation. Even if allegation is false, it could be firmly believed and could be

exploited with damaging effect by anti-Western elements." *

Tehran

"1. To date local impact negligible to nil.

"2. In view mystery to Oriental mind of protracted Western legal procedure, likely to be little distribution day-by-day developments. It is probable that impact would follow court decision but only as decision bears upon Anglo-Iranian dispute.

"3. However, indictment and trial would probably be exploited if and when picked up by local press as follows:

a. By government press to justify further Iran's position in foreign relations vis a vis AIOC; and

b. By Leftist press to convince Iranian public that United States policy is under influence international cartel and specifically under influence AIOC. Press will describe trial as hoax."

* ED. Note. Extensive allegations to just this effect were in the deleted portions of the Report, based chiefly on documents from Jersey Standard files in the Government's possession.

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